The Mysore Sales-tax (Second Amendment) Bill, 1960

Motion to consider

Sri T. MARIAPPA (Minister for Finance).—Sir, I beg to move :

" That the Mysore Sales-tax (Second Amendment) Bill, 1960, be taken into consideration.

Mr. DEPUTY SPEAKER.— Motion moved.

" That the Mysore Sales-tax (Second Amendment) Bill, 1960 be taken into consideration".

† Sri T. MARIAPPA.— Sir, this is also a simple measure. I have made it very clear in the Objects and Reasons why this Bill was necessitated. It does not require any elaborate statement on my part to make the Bill intelligible to the House. I hope the House will accept this amendment.

11-30 A.M.

† ಶ್ರೀ ಕೆ. ಪಿ. ಗದಗ್ (ಗದಗ್).— ಅಧ್ಯಕ್ಷರೇ, ಈಗ ನಮ್ಮ ಮುಂದಿರುವ ಈ ಸೇಲ್ಸ್ ಟ್ಯಾಕ್ಸ್ ಸೆಕೆಂಡ್ ಅಮೆಂಡ್‌ಮೆಂಟ್ ಮಸೂದೆಗೆ ನನ್ನ ಅನುಮತಿಯನ್ನು ಕೊಟ್ಟು ನಾನು ಕೆಲವು ಸೂಚನೆಗಳನ್ನು ಅಥವಾ ಅಭಿಪ್ರಾಯಗಳನ್ನು ಈ ಮೂಲಕ ಹೇಳಬಯಸುತ್ತೇನೆ. ಈ ಮಸೂದೆಯಲ್ಲಿ ಮುಖ್ಯವಾಗಿ ಮೂರು ವಿಷಯಗಳು ಅಡಕವಾಗಿವೆ. ಈಗ 1961 ನೇ ಮಾರ್ಚ್ 1ನೇ ತಾರೀಖಿನಿಂದ ಕೇಂದ್ರ ಸರ್ಕಾರದವರು ಪ್ಯೂರ್ ಸಿಲ್ಕ್ ಫ್ಯಾಬ್ರಿಕ್ಸ್‌ಮೇಲೆ ಎಕ್ಸೈಜ್ ಡ್ಯೂಟಿ ಹಾಕಿರುವದರಿಂದ ಇನ್ನುಮುಂದೆ ನಾವು ಮಾರಾಟಗಾರರಿಗೆ ಹಾಕುವುದನ್ನು ರದ್ದು ಪಡಿಸುವದು ಒಂದು. ಇನ್ನೊಂದು ಡೀಲರ್ಸ್ ಹತ್ತಿರ ಸ್ಟಾಕ್ ಇದ್ದಾಗ ಎಕ್ಸೈಜ್ ಡ್ಯೂಟಿ ಕೊಡದೆ ಇದ್ದಮೇಲೆ ಮಾರಾಟ ತೆರಿಗೆ ಹಾಕುವುದು ಇದೆ ಈ ಬಗ್ಗೆ ಚರ್ಚೆ ಅವಶ್ಯಕವೇನೂ ಇಲ್ಲ. ಇದು ಎಲ್ಲರ ಒಪ್ಪಿಗೆಯನ್ನು ಕೊಡುವಂತಹ ವಿಷಯವಾಗಿರುತ್ತದೆ. ಇದರ ಬಗ್ಗೆ ನಾನು ಇನ್ನು ಚರ್ಚೆಮಾಡುವದು ಅನಾವಶ್ಯಕ. ಇದನ್ನು ನಾನು ಸಂಪೂರ್ಣ ಒಪ್ಪುತ್ತೇನೆ.

ನಾನು ಈ ವಿಚಾರವನ್ನು ಹೇಳುತ್ತಿರುವಾಗ ಸರ್ಕಾರದವರಿಗೆ ಇಷ್ಟೇ ಹೇಳುವುದು.— ಸರ್ಕಾರಕ್ಕೆ ಬರಬೇಕಾದ ಟ್ಯಾಕ್ಸ್‌ನ್ನು ಸರಿಯಾಗಿ ವಸೂಲ್ಮಾಡುವದಕ್ಕೆ ಸರ್ಕಾರದವರು ತಕ್ಕ ಕಾರ್ಯಕ್ರಮಗಳನ್ನು ಕೈಗೊಂಡು ಇನ್ನು ಮುಂದಕ್ಕೆ ಸೇಲ್ಸ್‌ಟ್ಯಾಕ್ಸ್ ಅಧಿಕಾರಿಗಳ ಕೈಗೆ ಹೋಗುತ್ತಿರುವ ಹಣವನ್ನು ಅವರ ಕೈಗೆ ಹೋಗದೆ ಇರುವ ಹಾಗೆ ಮಾಡಿದರೆ ಸಾಕು. ನಾನು ಒಟ್ಟಿನಲ್ಲಿ ಸರ್ಕಾರದವರಿಗೆ ತಿಳಿಸಬೇಕಾಗಿದ್ದ ವಿಚಾರ ಇಷ್ಟೇ ಇದ್ದುದು.

†Sri M. C. NARASIMHAN (K.G.F.).—Sir, My friend Mr. Gadag has supported this measure and also made some observations about the scope of 12 (b). He said that the information furnished in incomplete returns or returns which are adjudged to be incorrect by the assessing authority is a new provision and it will lead to a lot of difficulty. The answer of the Government would possibly be that in terms of sub-section (4) there is a reasonable opportunity for the dealer to be heard. There is also that provision. They will say that since this opportunity is given it will not lead to any unfairness. Though this is the likely answer of the Government, I may say that in actual practice it is not a fair answer. Then the Hon'ble Minister for Finance said that it gives scope for enormous mischief. Not merely that, the Finance Minister may not be worried about the mischief. but it is capable of leading not merely to much harassment but also evasion. But I would make a few general

observations. Sir, I agree with Mr. Linge Gowda that the returns in terms of sales tax is hardly what it should be. I would not like to go into any details in this regard, but I wish to make one observation of a general nature. The objection of the Government appears to be...

Sri T. MARIAPPA.—It is not a new provision. That is the old provision under section 5. It has been taken out of that section and placed in a separate section, that is all. The same language is repeated here. What was part of a section now is put as an independent section. It was originally a charging section. Now we have put this as a separate section under legal advice. That is very formal.

Sri M. C. NARASIMHAN.—Section 5(8) does not speak of incomplete returns.

Sri T. MARIAPPA.—No, no. Please read the section. It is the same word for word.

Sri M. C. NARASIMHAN.—Sir, I say that the returns in terms of sales-tax are not what they should be. In respect of that I do not wish to go into details.

I would only submit one word by way of general observation. The object of the Government in this regard both in respect of the tax which is escaped or evaded, it is rather true, it is only by way of increasing the number of prosecution that you can prevent it. I would like to submit in this regard that it is rather complicated issue. It is not so simple and it is not capable of solution by only this method which you have so far resorted to. My plea is that there should be greater vigilance and greater improvement and research in this regard and cleverer measures are to be adopted whereby we can check evasion. For that, a very essential thing is there must be proper assessing and technical authority of the total amount of turn-over. It is on that issue that adequate research and adequate information is so much needed and sufficient attention is not paid to this. Sir, in this connection. I would also submit just one instance. Coffee for instance—though the bulk of coffee is grown here—we as one of the chief coffee producing centre, we are only entitled to a very small portion of the revenue. The same commodity, if the Coffee Board has transferred from one place to another, we are not getting sufficient returns compared to what we should have normally got. Supposing it was additional excise duty on Coffee, possibly we would have easily got it. But since it is not....

Sri T. MARIAPPA.—Perfectly right.

Sri M. C. NARASIMHAN.—But since it is only subject to sale-tax, we are not getting the amount of money that is really due to the State.

Sri T. MARIAPPA.—So far as Coffee is concerned, we have now approached Government of India and other States have levied an additional excise duty.

Sri M. C. NARASIMHAN.—So far as a vital matter like Coffee is concerned, where our interests are very much concerned directly, we are not persuading the Government of India to levy an excise duty.

Sri T. MARIAPPA.—In fact, to take the House into confidence, I may say that we have already placed the matter in the hands of the Government of India and they will levy an additional excise duty so far as Coffee is concerned.

Sri M. C. NARASIMHAN.—Very good. The decision of the Government of India is to levy an additional excise duty in lieu of sales-tax. But is it not necessary for the Government of India to consult the State Government in respect of this matter? In respect of cloth, you will remember–cloth, cement and sugar which were submitted to sales-tax at the instance of the Central Government was converted into an additional excise duty. From the Statement of objects and reasons, it is not clear that the Government of India have consulted...

Sri. T. MARIAPPA.—All State Governments have agreed. The Government of India have no power unless States agree.

Sri M. C. NARASIMHAN.—I would have very much appreciated if a clarification had been given by the Finance Minister to the effect that we would not be losing by this change-over from sales-tax to excise duty. It is no doubt true that the excise duty is more efficient basis for collection of tax. But the formula for distribution as given, it is likely that we will lose what we are not getting. Sir, it is said that the same is the case in regard to cloth. If I remember aright, collection in terms of additional excise duty and its distribution on the basis of population and on the basis of what is called consumption. In respect of consumption in the State, in the year 1951 was said to be the standard. Between the years 1951 and 1961, there is considerable difference in the consuption pattern. If 1960-61 figures are taken for the purpose of determination of our share, then it would be fair and then only we would not lose, anything by conversion into additional excise duty, The State will not be a gainer otherwise. That is the only of conservation.

One more thing Sir, objections have been raised in regard to rule 6 of the Mysore Sales Tax Rules framed under section 7 of the Act. Sir, it has been said that the powers taken by virtue of rule 6 are very much in excess of powers vested in terms of the main section. If that be so, it will be considered illegal. I am not going into that aspect of the matter as to whether it is really fair or whether it is invalid. Apart from that, it is not clear as to what happens to rule 6 hereafter. I must say that rule 6 must be amended in terms of this objection. With these observations, I close my speech.

†Sri T. MARIAPPA.—Sir, I am grateful to the House for giving an almost unanimous approval to the measure except for a few observations.

The Hon'ble Member Sri Gadag entertains an apprehension about the provision for provisional assessment as he feels that it might harass the traders. I want to make it clear that this provision for provisional assessment is not at all meant to harass the traders. The cases of those traders who are honest and who send quarterly returns will be considered

sympathetically and it is not our intention to harass them. This provision does not affect them at all. Even the law is very clear. It is only with a view to enabling the assessing officers to make provisional assessment of people who do not send even returns that this provision has been made because on account of this lacuna in the Act many of them are not sending returns and are utilizing the sales tax collected for their turnover. This provision will prevent them from doing so.

With regard to other points about leakage, I do not deny the statement entirely. There is some leakage and evasion, but we are trying our best to plug all the loopholes. Very recently we have deputed our officers to the neighbouring State of Kerala where they have taken extra precautions to plug all loopholes in the border where they have established check posts. There they have got power to search any lorry, detain any lorry and to insist that the entire assessible goods be shown to the person at the check post. With these precautions they have been able to make a very good collection. We will also bring an amending Bill before the House incorporating those precautions in the Act so that we could improve our collections.

With regard to creation of an intelligence branch, we are taking steps to create intelligence section at every level to collect information and pass on to the enforcement branch. This is very necessary because on many occasions goods are booked to 'Selves' and then misused. But we should not tar the entire merchant community with the same brush. There honest traders as will as dishonest traders. It is not our intention to harass the honest traders, but we want to deal firmly with the dishonest traders.

With these words I commend the consideration of this Bill to the House.

Mr. DEPUTY SPEAKER.—The question is:

"That the Mysore Sales tax (Second Amendment) Bill, 1961, be taken into consideration"

The motion was adopted

Mr. DEPUTY SPEAKER.—The question is:

"That clauses 2 to 8 both inclusive, stand part of the Bill."

The motion was adopted

Clauses 2 to 8 both inclusive, were added to the Bill.

Mr. DEPUTY SPEAKER.—The question is:

"That clause 1, the Title and the Preamble stand part of the Bill."

The motion was adopted

Clause 1, the Title and the Preamble were added to the Bill.

Motion to Pass

Sri T. MARIAPPA.—I beg to move.

"That the Mysore Sales-tax (Second Amendment) Bill, 1961, be passed."

Mr. DEPUTY SPEAKER.—The question is:

"That the Mysore Sales-tax (Second Amendment) Bill, 1961, be passed."

The motion was adopted

MYSORE LAND REVENUE SURCHARGE BILL, 1961.

Motion to consider

Sri KADIDAL MANJAPPA (Minister for Revenue).—I beg to move.

"That the Mysore Land Revenue Surcharge Bill, 1961, be taken into consideration."

Mr. DEPUTY SPEAKER.—Motion moved:

"That the Mysore Land Revenue Surcharge Bill, 1961, be taken into consideration."

†Sri KADIDAL MANJAPPA.—Sir, it has become very necessary to find money to finance the Third Five Year Plan. The Planning Commission as well as the other authorities at Delhi are finding fault with us for not augmenting our internal resources. In fact the Finance Enquiry Committee found fault with us for not increasing the land revenue. In this State a major portion of resettlement is overdue. Except in South Kanara District and 3 talukas of Raichur District of Gangavathi, Raichur and Devadurg, in the rest of the area resettlement is overdue. In some cases it may be 40 years and in some it may be more than 50 years. With regard to other taxes their rates have been enhanced from time to time. For instance in the case of sales tax the rates have been changed often. So also in the case of the rates of motor vehicles tax, but land revenue, the rates remain unchanged for a number of years, as I submitted earlier, for more than half a century in some cases. The prices of agricultural commodities have gone up very high, sometimes 50%, sometimes 100% and sometimes one hundred times even. Therefore it is reasonable that we should take steps to tax the agricultural sector to some extent, not unreasonably. The process of resettlement is very slow in the very nature of things. The area has to be divided into zones and each zone has to be divided into groups on the basis of the climatic conditions, rainfall, etc. and a detailed economic survey has to be conducted. Thereafter crop-cutting experiment has to be undertaken and report sent to the Government and Government has to lay down the principles on which resettlement has to take place. Those principles will have to be incorporated by means of legislation. All this process takes a long time. We commenced the work in the year 1956-57, but on account of States reorganisation and other difficulties the work could not be completed. At present the work is going on very